



Driving prosperity in the M3 corridor

Enterprise M3 Board

28 March 2017

Industrial Strategy Consultation – Item 7

Enterprise M3 Board is asked to:

NOTE the work that is underway to respond to the Government's consultation on the Industrial Strategy to be submitted by 17th April

DISCUSS the proposed response and agree on key strategic messages

DELEGATE final sign off of the response to the Director of Enterprise M3

1. Background

- 1.1 Government published the Green Paper 'Building our Industrial Strategy' in January 2017 - <https://www.gov.uk/government/consultations/building-our-industrial-strategy>. Its objective is to improve living standards and economic growth by increasing productivity and driving growth across the whole country.
- 1.2 The strategy is built around 10 key 'pillars' (a set of slides from BEIS is attached which summarises the Green Paper on the Industrial Strategy) and seeks to address 3 key challenges: how to build on our economic strengths and extend excellence into the future; how to close the gap between the best performing companies, industries, places and people and those which are less productive; and, how to make the UK one of the most competitive places in the world to start or grow a business.
- 1.3 Government is seeking responses to the consultation and is asking a series of 38 specific questions related to each of the 10 pillars. The deadline for submissions is 17 April.

2. Approach

- 2.1 We are developing our response to the consultation and this paper gives an outline of our proposed response and some key principles that we will be adopting.
- 2.2 We are consulting stakeholders through our networks and social media channels and we are working with key partners including LAs and Business Representative Groups and neighbouring LEPs to reflect common themes where relevant. HCC and SCC are holding business roundtable meetings and input from them will be incorporated in to our responses along with particular feedback from both of our Chambers. We will be discussing the key messages with our Joint Leader's Board at their meeting on 22 March. We will want to use the response to illustrate the important role that LEPs play in bringing together private sector leadership with the public and Not for Profit sectors to influence local strategy.
- 2.3 Our response will major on the important role of LEPs in delivering the aspirations outlined in the strategy and the value of our work in bringing together key players and adding value. We will highlight our key successes in our response. We will set out the major issues facing our area drawing on material from our Growth Deal submission and SEP Refresh to ensure a clear and consistent message and we will seek to use case studies and examples to illustrate the value of our work. We will highlight opportunities to improve productivity that gives benefit locally and nationally.

- 2.4 The response will also reflect the work that is underway to update the Strategic Economic Plan and we have procured additional support from Metrodynamics, the consultancy team appointed for the SEP work, to help us pull together our final response.
- 2.5 We do not plan to respond to all 38 questions, but rather to focus on the key areas where we have expertise and can demonstrate knowledge. We will also be including a series of 'key asks' which we believe will make a tangible difference to growing the economy, improving productivity and achieving inclusive growth in our area.
- 2.6 The rest of this paper seeks to give a broad outline of our initial response to the key areas we plan to focus on.

3. Investing in Science, Research and Innovation

- 3.1 We fully agree with and support the view that the UK needs to get better at commercialising its science and research capabilities and that this should be a priority for investment. We would highlight the critical role that universities play in developing marketable innovation and support the need to reform the way they are assessed, funded and recognised in line with their contribution to commercialisation of ideas.
- 3.2 EM3 has played an important role in bringing together local universities through our Higher Education Group (from within and outside our LEP boundaries) which has the strategic aim of engaging all our regional universities as partners in regional and national economic innovation and growth.
- 3.3 We will also be highlighting our leadership of the Innovation South Consortium which is undertaking a Science & Innovation Audit to identify and demonstrate research and innovation strengths in the region and focus on realising their potential to enable the region and the UK to better compete in global markets. We will illustrate our work through examples drawn from our 5G activity, Innovation Networks and life sciences.
- 3.4 Our Growth Hub continues to work with high growth businesses and develop links with local universities and R&D spin outs to support the commercialisation of marketable innovation and has an important role to play in ensuring a seamless business support journey and easy interaction between R&D organisations and both the SME and corporate business community to encourage open innovation and accelerate commercialisation. The Growth Hub plays a key role in assisting businesses find the help that it needs. We will stress the need for objectivity and will champion the need for funding to achieve this whilst drawing in sponsorship to support a more sustainable service. However, the lack of forward funding for Growth Hubs is creating uncertainty **KEY ASK – Sustainable funding for Growth Hubs with a more consistent approach which reflects best practice**
- 3.5 Our work to support the world leading 5G Innovation Centre at the University of Surrey will be drawn on as a case study to highlight the success and potential of university led innovation. We will be recommending the Industrial Strategy Challenge Fund focuses on Transformative Digital Technologies and the government invests this wisely to drive forward existing and proven expertise rather than taking an approach which dilutes investment and risks spreading resources too thinly and reducing impact. **KEY ASK - Industrial Strategy Challenge Fund focuses on Transformative Digital Technologies**

4. Developing skills

- 4.1 As reflected in the Industrial Strategy, we are looking to reinforce our strategic focus to continue to address the skills needs of our businesses and support our local workforce. There is significant and growing business demand for a talented STEM workforce with quality and meaningful higher level skills to feed the higher level job growth and productivity. Having clear vision and understanding of what a technical skills offer is, will help stakeholders value the qualifications and skills. **KEY ASK -**

The regulations applied to Tech skills are reasonably flexible to allow them to be applied locally

- 4.2 We have been working closely with our FE colleges and other providers to align their curriculum and business plans with the needs of business, industry and the economy. This work has been progressed through strong relationship management to develop and foster collaborative partnerships, and latterly through the Area Based Review process. Having these close relationships improves the strategic vision of providers right across the LEP area and ensures curriculum becomes more aligned with demand. **KEY ASK - Greater empowerment for further collaboration between colleges, providers, HEI**
- 4.3 Higher levels of STEM skills in particular are critical for our area. We are working with the FE Colleges to respond quickly and positively to the opportunities afforded by the new Institutes of Technology, encouraging a consortium approach with a range of partners to meet the future business needs
- 4.4 The requirement for excellence in careers advice and guidance is essential to address the skills shortages in the local area. Our area sees a highly skilled ageing workforce with a weakening pipeline of our future workforce. We are working with partners to support the older workforce to achieve a fuller working life to support the economy by retaining, retraining and recruiting. Critical to developing our workforce for the future is the link between schools, colleges and employers. Initiatives to motivate, inspire and support young people in making informed choices about their future by engaging the business community, to develop stronger links with the education system are essential. **KEY ASK - Greater influence into CIAG policy to support local delivery**

5. Upgrading Infrastructure

- 5.1 Our response will reflect the submission we recently made to the National Infrastructure Commission and our planned response to the Housing White Paper.
- 5.2 We fully support the approach to infrastructure outlined in the Industrial Strategy and would echo the need to improve standards of performance on digital, energy, transport, water and flood defence infrastructure, and better align central government infrastructure investment with local growth priorities.
- 5.3 We would highlight the critical role that investment in high value infrastructure has in driving economic growth across the transport, energy and smart cities agenda. We will illustrate the important role we have played at identifying strategic business needs and “pinch points” on the network as well as specific investment needed to unlock the local transport network. Our Digital Task Force activity has highlighted the importance of digital connectivity. **KEY ASK – Government must consider digital strategies within all sectors at national level within the context of every major investment to ensure consistency.**
- 5.4 It is difficult to overstate the potential impact of new technologies in offering new forms or alternatives to travel. There are many examples such as autonomous vehicles and digital rail, which have the potential to maximise use of existing networks. Digital systems can provide a vital platform for integrating and enabling this. Autonomous Driving will change the perception and experience of cars and 5G capabilities will deliver transport improvements including reduction in congestion as transport networks become far better co-ordinated.
- 5.5 We have developed cross working relationships with Network Rail and Highways England as providers of strategic transport infrastructure and also worked closely with local authorities, bus and rail operators. The emerging Sub-National Transport Body, Transport for the South East, will also cement partnership working and start to prioritise strategic infrastructure asks across the whole of the South East. We will highlight the leading role we have played in bringing together the four LEP

Strategic Transport study and how this work will underpin the work of the SNTB and will consider including an ask to support the development of SNTB across the country.

- 5.6 Equally we need to better align investment in housing with key infrastructure improvements. The Enterprise M3 area is one of high housing demand and is highly constrained. We recognise the key messages set out in the Housing White Paper and agree that having the 'right homes in the right places' is critical to the success of the Industrial Strategy.
- 5.7 Our Strategic Economic Plan set out the Enterprise M3's ambition to accelerate housing delivery by up to 25%. This ambition has underpinned our work to date (including how we use our LGF) and is based upon the consistent feedback from our businesses that lack of housing is acting as a barrier to the continued success of this area, dampening productivity and stifling inclusive growth.
- 5.8 A coordinated and integrated approach to infrastructure is needed to unlock and regenerate key sites by supporting developers and local authorities to accelerate housing delivery. There needs to be a focus on accelerating housing growth through upfront infrastructure, championing skills provision and creating a digital approach.
- 5.9 We will draw on an example to illustrate how EM3 adds value by bringing together the key players and facilitating joint working. **KEY ASK - Government departments working together with key local players and private sector experts to take forward work on key housing developments where housing demand is significant and a coherent approach is critical to success** (example: Basingstoke Garden Town)

6. Supporting businesses to start and grow

- 6.1 The Government has particularly asked for LEPs and Growth Hubs to come together around a Scale up programme. Our Growth Hub has always focussed on innovative growth businesses and is already well placed to work alongside the LEP, universities and other providers to develop a Scale Up Programme. We are developing such a programme around the opportunities afforded by 5G. We will be focusing our response on scale up businesses and how we can best support them to grow, by offering a unique blend of business and technology support services. We have identified needs in a number of areas, including:
 - effective mentoring, leadership capability and professional support schemes
 - availability and access to appropriate talent and skills
 - better access to a range of finance options including bank finance, venture capital and introduction to potential overseas investors
 - infrastructure support such as access to office space and buildings – including incubation centres - that can be made available on flexible, short term contracts
- 6.2 We will draw on examples from our Growth Hub and Growing Enterprise Fund to highlight how we have supported scale up businesses in our area to thrive, and the important role of the LEP in developing a streamlined business support service, including signposting to support for exporting services and encouraging high growth and innovative new businesses to access new international markets. **KEY ASK - We will be looking to the Government to support us in developing particular funding for companies building on our expansion and equity fund approach.**
- 6.3 Our developing Enterprise Zone programme will provide opportunities to accommodate new international businesses and provide space and incentives for our local companies to grow. This will enable Enterprise M3 to compete on an equal plain for global investment and footloose international businesses. The retention of business rates over 25 years is a powerful tool for bringing together partners to develop out commercial sites and **KEY ASK – we would like to see the approach widened out beyond our initial Multi Site Enterprise Zone.**

7. Trade and Inward Investment

- 7.1 Inward investment and export activity provide a significant contribution towards the Enterprise M3 vision. Despite the strengths of our region, performance in inward investment and exporting is lower than would be expected. We are developing a strategic framework and action plan around which the LEP, local authorities, DIT and other partners can work towards a much more effective and coherent approach to internationalisation of the local economy, encompassing both the attraction of new inward investment and the growth of our indigenous business base through increased international trade.
- 7.2 The approach is targeted around our key sectors, providing high value knowledge intensive employment with global competitive advantage and is supported by expertise in digital enabling technologies such as 5G and cyber security. A sector approach to internationalisation will bring trade and investment agendas and delivery closer together to maximise support for business. It will strengthen the collaboration between partners and will offer a clear focus for activity. We will look to develop Sector Deals around a handful of sectors that will encompass specific trade and investment activities.
- 7.3 Government needs to focus more on existing companies and encouraging them to invest. This will be the main route to attracting additional investment. The draft strategy focuses too much on attracting new companies.
- 7.4 Links with academia are important. EM3 has excellent university links, which are closely aligned to key sectors, and uses this effectively to promote the area and support the effective commercialisation of ideas.
- 7.5 There is a need to recognise that companies want to be close to good infrastructure connections and hub airports.

8. World Leading Sectors

- 8.1 We recognise the importance of playing to our strengths and developing expertise in key sectors to put our area at the forefront of global competitive advantage. Through our investment in 5G we are driving forward research but also ensuring the benefits of this technology are felt by local businesses. **KEY ASK - Industrial Strategy Challenge Fund focuses on Transformative Digital Technologies; investing in areas with existing expertise to maximise impact and ensure investment is not diluted**
- 8.2 We will want to work together with other LEPs and with BEIS to make the link between national sectors and local clusters / supply chains, and to demonstrate existing and planned LEP collaboration. We will focus on a handful of sectors/niche sectors which are likely to include:
 - Cyber security – case study illustrating how government, university and industry can come together.
 - Aerospace – example of Farnborough investment and wider impact.
 - Gaming/Visualisation
 - 5G/enabling TechnologiesWe are working with HCC and SCC to ensure we have a common message on key sectors.
- 8.3 We will be attending planned workshops over the coming weeks to gather views of businesses in the aerospace and cyber security sectors to feed into our response

9. Creating the right institutions to bring together sectors and places

- 9.1 The Government are seeking views on what institutions are needed to support the Industrial Strategy. They are looking to review the role of LEPs, to examine how to spread good practice and

strengthen them. This is an important section that we need to address in an honest way highlighting our strengths in many areas but also where improvements are needed. We will be emphasising the importance of working in collaboration with others and not trying to duplicate. This applies as much to the private sector as the public sector. We should draw out our approach to embracing business support organisations.

- 9.2 We will highlight the strength of our board and the valuable leadership role it plays. The importance of a positive relationship with LA leaders drawing on our experience of having a strong Joint Leaders Board and the important role the private sector play in their involvement in our action groups. **KEY ASK - We should be seeking longer term funding to support the capacity of LEPs to operate within their area and alongside other LEPs.**
- 9.3 We are of the view that no new institutions are needed and would caution against too many replica bodies such as the various organisations arising around 5G.

10. Timetable

Economic Intelligence gathering to illustrate strengths and opportunities	Ongoing
Board to agree on key messages	28 March
Cybersecurity workshop	28 March
Aerospace workshop	30 March
Ongoing consultation with partners, including: <ul style="list-style-type: none"> • Hampshire Chamber • Surrey Chamber • FSB • EM3 Action Groups • Growth Hub • EM3 EDOs • FE/universities 	
Metrodynamics to draft response	12 April
Deadline for submission response	17 April

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HM Government



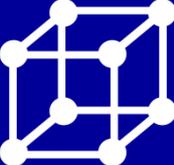
**Building our
Industrial Strategy**

Why we need a Modern Industrial Strategy

- We need **an economy that works for everyone**: an economy that delivers good, skilled, well-paid jobs and creates the conditions for competitive, world-leading businesses to prosper and grow right across the UK.
- The **objective** of the proposed modern industrial strategy is to improve living standards and economic growth by increasing productivity and driving growth across the whole country.
- We start from **a position of strength**: The fifth biggest economy in the world, an employment rate that has never been higher, and world-leading industries – from car manufacturing and satellite engineering, to financial services and the creative arts.
- But we acknowledge **the challenges we face**, now and in the years ahead:
 - To build on our strengths and extend excellence into the future;
 - To close the gap between the UK's best performing companies, industries, places and people and those that are less productive; and
 - To make the UK one of the most competitive places in the world to start or to grow a business.
- **A whole of government approach**
- **A 'live' strategy that endures**

Industrial Strategy video: <https://drive.google.com/file/d/0B2D1dEyC0I1mY0pXQVlxSFV2SjQ/view>

The Ten Pillars

				
Science, Research and Innovation	Skills	Infrastructure	Supporting Businesses to Start and Grow	Procurement
				
Trade and Inward Investment	Affordable Energy and Clean Growth	Sectors	Driving Growth Across the Country	Institutions: Linking Sectors and Places

Investing in Science, Research and Innovation

We will invest in Britain's world-class research and development and do more to commercialise our science and research base to develop new technologies, tackle future challenges and drive growth across the UK.

The Challenge

- **Translate our world-class research into commercial outcomes:**
- Maintaining our world-leading science and research as international competitors are increasing their investment in this area
- Improving the commercialisation of ideas from our strong science and research base to realise the commercial benefits of the pioneering discoveries made in the UK
- Building on the science and innovation strengths of places across the UK
- Ensuring a pipeline of skills and talent to deliver our science, research and innovation ambition

Our Approach

- **Launch a major upgrade in the role of science and innovation in our economy for the years ahead:**
- Substantially increasing investment in R&D by £4.7 billion to 2020-21 to maintain our global leadership in science research and innovation
- Strengthening our strategic capability from early research to business innovation through the new UK Research and Innovation (UKRI) body to put the UK at the cutting edge of new technologies and developing solutions to global challenges
- Exploring the priorities for investment to improve how we translate our world-class research into commercial outcomes
- Capitalise on local science and innovation strengths across the UK
- Build a pipeline of talent for an innovative economy and ensure the UK attracts the top international talent
- Deliver the institutions and infrastructure needed for a world-leading research and innovation base

Early Actions

- A new Industrial Strategy Challenge Fund to help Britain capitalise on its strengths in research and innovation such as robotics, clean energy and biotechnology
- New investment of £100m to incentivise universities to collaborate on technology transfer and partnering with business
- Government Chief Scientific Adviser, Sir Mark Walport will review the case for a new research institution for work on battery technology, energy storage and grid technology
- A review of the tax environment for R&D to help stimulate private sector investment in R&D
- Supporting Science and Innovation Audits in eight more locations across the UK to better understand and help strengths across the UK

What should be the priority areas for science, research and innovation investment?

Which challenge areas should the Industrial Challenge Strategy Fund focus on to drive maximum economic impact?

What else can the UK do to create an environment that supports the commercialisation of ideas?

How can we best support the next generation of research leaders and entrepreneurs?

How can we best support research and innovation strengths in local areas?

Developing Skills

We will build a proper Technical Education system, improve basic skills, address shortages in STEM skills, and ensure people have the skills employers are looking for now, and in the future.

The Challenge

We need to address:

- Literacy and numeracy levels that compare poorly to other developed economies
- The shortage of highly-skilled technicians below graduate level
- The shortage of skills in sectors that depend on STEM subjects
- The shortages of skills in some sectors and in parts of the country
- The growing challenge with encouraging lifelong learning

Our Approach

- Build a proper Technical Education system to sit alongside the academic track; improve basic skills, address shortages in STEM skills and ensure that people have the skills employers are looking for now, and in the future.

Early Actions

Putting in place enduring reforms so that everyone has a chance to achieve their full potential in the workplace...

- We will create a proper system of technical education, to benefit the half of young people who do not go to university and provide new, better options for those already in the workforce.
- We are committing £170 million of capital funding to the creation of Institutes of Technology to deliver higher technical education in STEM subjects
- We will take further actions to address differences in skill levels between different areas to help spread economic growth and opportunity throughout the country
- We will publish a comprehensive careers strategy later this year
- We will explore ambitious new approaches to encouraging lifelong learning
- We will explore options to further encourage the uptake of STEM subjects
- We will consider how to enable the specialist maths school model to spread, seeking partners to open these across the country.
- We will explore how to give technical education students clear information, which could include a way of searching and applying for courses similar to the UCAS process.

What more can we do to improve basic skills? How can we make a success of the new transition year? Should we change the way that those resitting basic qualifications study, to focus more on basic skills excellence?

Do you agree with the different elements of the vision for the new technical education system set out here? Are there further lessons we can learn from other countries' systems?

How can we make the application process for further education colleges and apprenticeships clearer and simpler, drawing lessons from the higher education sector?

What skills shortages do we have or expect to have, in particular sectors or local areas, and how can we link the skills needs of industry to skills provision by educational institutions in local areas?

How can we enable and encourage people to retrain and upskill throughout their working lives, particularly in places where industries are changing or declining? Are there particular sectors where this could be appropriate?

Upgrading Infrastructure

High quality infrastructure is vital for economic growth and productivity. We will upgrade our standards of performance on digital, energy, transport, and water and flood defence infrastructure, and better align central government infrastructure investment with local growth priorities.

The Challenge

- We need to, critically, continue to improve our infrastructure services.
- Infrastructure weaknesses are felt more in certain areas of the UK, exacerbating regional disparities.
- There has been an historic lack of clear long-term thinking in how we join up at a national level and a lack of joined up policies to meet local needs

Our Approach

- Utilise the higher rates of public investment
- Support private sector infrastructure investment
- Make infrastructure costs more competitive
- Align the planning of infrastructure more effectively with local growth priorities

Early Actions

- ***Providing greater certainty and a clear long-term direction, and delivering projects more effectively...***
- Central Government economic infrastructure investment will rise by almost 60 per cent between 2016/17 (£14bn) and 2020/21 (£22bn)
- Creating a better institutional framework, with longer term budgets and the creation of both the National Infrastructure Commission and the Infrastructure and Projects Authority
- Supporting private sector infrastructure provision by providing the £40bn UK Guarantees Scheme until at least 2026
- Using infrastructure to support rebalancing. As we develop and plan future rounds of infrastructure investment we will take account of the balance of spending per head between different regions. We will continue to prioritise the highest value-for-money projects, as we seek to address productivity weaknesses across the country, and unlock the benefits of agglomeration economies
- Spending £2.5 billion by 2021 on improving flood defence and resilience, which will ensure 1,500 new flood defence schemes are built and over 300,000 more homes are better protected
- We have announced initial allocations to local areas for 2017/18 from an additional £1.1 billion of funding for local roads and transport

Are there further actions we could take to support private investment in infrastructure?

How can local infrastructure needs be incorporated within national UK infrastructure policy most effectively?

How do we make the most of funding like the Housing Infrastructure Fund and local transport funding?

What further actions can we take to improve the performance of infrastructure towards international benchmarks?

How can government work with industry to ensure we have the skills and supply chain needed to deliver strategic infrastructure in the UK?

Supporting Businesses to Start and Grow

We will drive productivity and business growth, removing barriers to entrepreneurship and supporting fast growing businesses to achieve their potential so that our companies can grow into major global players.

The Challenge

- Improve access to finance for businesses looking to grow
- Back institutions which can catalyse private sector equity investment - particularly in places where this may be more of a problem
- Improve support for scale-ups and entrepreneurs by building up networks, supporting the business led Productivity Council, and using government data in a smarter way
- Encourage the uptake of new technology and digital processes which will support growth
- Consider whether any measures need to be taken to promote a more long-term approach to funding

Our Approach

- Drive business growth and productivity, improving access to finance for companies looking to scale up wherever there are in the UK
- Identify and support potential high-growth businesses, forging effective peer to peer networks and providing more targeted leadership and management advice
- Incentivise investors to take a long-term approach to investment

Early Actions

- ***Tackling barriers to growth to create and scale up businesses...***
- An additional £400 million of funding for the British Business Bank. This will unlock £1 billion of equity funding, in later stage venture capital
- £13 million of funding for the Productivity Council to provide strong leadership and B2B advice to raise productivity across the business community
- A review into entrepreneurship will be led by the BEIS Chief Entrepreneurial Advisor to take stock of the support currently available to entrepreneurs and consider international best practice, with the aim of identifying any potential gaps in current policy
- The Minister for Small Business will take on a new role of Scale-Up Champion, overseeing a Task Force to support high growth scale-up businesses across the UK and to build peer to peer business networks to improve productivity

What are the most important causes of lower rates of fixed capital investment in the UK compared to other countries, and how can this be addressed?

What are the most important factors which constrain quoted companies and fund managers from making longer term investment decisions, and how can we best address these factors?

Given public sector investment already accounts for a large share of equity deals in some regions, how can we best catalyse uptake of equity capital outside the South East?

How can we spread the adoption of new funding opportunities like crowdfunding across the country?

What are the barriers faced by those businesses who have the potential to scale-up and achieve greater growth and how can we address these barriers? Where are there outstanding examples of business networks for fast growing firms which we could learn from or spread?

Improving Procurement

We will ensure public procurement drives innovation and skills, strengthens UK supply chains and increases competition by creating more opportunities for SMEs, improving outcomes in key industries such as health and defence.

The Challenge

- Create the right conditions to put UK supply chains in the strongest possible position to compete for contracts on the basis of best value for the taxpayer.
- Look at domestic factors and policies which might currently hold back procurement of innovative products and services in the public sector

Our Approach

- Focus on stimulating innovation through Government procurement, supporting economic growth through better procurement practices, look at key industries where Government's role as customer provides unique opportunities to achieve wider benefits through procurement

Early Actions

- ***Creating the right conditions so that UK supply chains are in the strongest possible position to compete for contracts...***
- A review led by David Connell will look at how to improve the Small Business Research Initiative (SBRI) that harnesses innovative ideas and solutions from SMEs to address public policy changes
- We will roll out the "balanced scorecard" approach recently developed by the Cabinet Office across all major central government construction, infrastructure and capital investment procurement projects over £10 million
- We will trial different aspects of designing and gathering supplier feedback in public sector procurement

Are there further steps that the Government can take to support innovation through public procurement?

What further steps can be taken to use public procurement to drive the industrial strategy in areas where government is the main client, such as healthcare and defence?

Do we have the right institutions and policies in place in these sectors to exploit government's purchasing power to drive economic growth?

Encouraging Trade and Inward Investment

We will make Britain a global leader in free trade, including by promoting and supporting UK exports, building future trading relationships, and creating a more active approach to winning overseas contracts.

The Challenge

- Take action to retain and enhance the UK's attractiveness to overseas investors in an increasingly competitive world.
- Drive up exports, too few UK businesses take advantage of the opportunities presented by overseas markets, less than 11% export
- Exporting companies contribute 60% of the UK's productivity growth, so boosting the number of businesses exporting will play a major part in growing the UK economy

Our Approach

- **Help deliver an economy that works for everyone:**
 - Building future trading relationships
 - Building global prosperity
 - Improving market access for exporters
 - Creating a more active approach to winning overseas contracts
 - Doubling export finance capability
 - Making Government trade and investment services easier to use for businesses
 - Joined up trade and investment promotion with local areas
 - Developing a more strategic approach to inward investment

Early Actions

- **We are committed to building a truly global Britain, a great global trading nation that reaches out to old friends and new allies alike**
- Doubled capacity and extended reach for UK Export Finance to improve the competitive edge of UK exporters
- Building future trading relationships. We have set up working groups with key trade partners
- Launched a new digital platform to make it easier for exporters and investors to access our support: great.gov.uk
- Creating a new, more active "Team UK" approach to winning overseas contracts
- Joining up trade and investment promotion with local areas, with area-specific trade missions to showcase opportunities.
- Working hard to support businesses to improve market access issues through dialogue with countries outside the EU

What can the Government do improve our support for firms wanting to start exporting?

What can the Government do to improve support for firms in increasing their exports?

What can we learn from other countries to improve our support for inward investment and how we measure its success?

Should we put more emphasis on measuring the impact of Foreign Direct Investment (FDI) on growth?

Delivering Affordable Energy and Clean Growth

We need to ensure we keep energy costs down for businesses and build the energy infrastructure we need. We will drive innovation and investment to secure the economic benefits of new clean energy technologies.

The Challenge

- Ensure that the shift to a low carbon economy is done in a way that minimises costs to UK businesses, taxpayers and consumers
- Manage the changes to energy networks required by the transition to a low carbon economy, such as changes to electricity grids that may be required by the roll-out of electric vehicles
- Make sure that the UK capitalises on its strengths in energy industries and innovation to win a substantial share of global markets

Our Approach

- Make the connections between research and innovation, public policy, and industrial opportunity to position the UK to benefit from the growing global demand for new energy technologies
- We are going ahead with the first new nuclear power station in a generation, with over 60% of the project's construction value expected to be placed with UK companies

Early Actions

- **Supporting innovation to reduce the costs of clean energy**
- We have doubled support for energy innovation and are already investing over £600m to accelerate the transition to ultra-low emission vehicles
- We have set the Fifth Carbon Budget in law, reducing emissions over 2028-32 by 57% compared to 1990 levels
- This year, we will publish our Emissions Reduction Plan for meeting the fourth and fifth carbon budgets, providing long-term certainty for investors
- This year, we will set out a long-term road map to minimise business electricity costs, to support the competitiveness of UK businesses
- We have, jointly with Ofgem, published a call for evidence inviting views on how to develop a more smart, flexible and responsive energy system

What are the most important steps the Government should take to limit energy costs over the long-term?

How can we move towards a position in which energy is supplied by competitive markets without the requirement for on-going subsidy?

How can Government, business and researchers work together to develop the competitive opportunities from innovation in energy and our existing industrial strengths?

How can Government support business in realising cost savings through greater resource and energy efficiency?

Cultivating World Leading Sectors

We will support businesses to take the lead in transforming and upgrading their sectors through sector deals with government, focused on upgrading productivity, driven by businesses in order to meet their priorities.

The Challenge

- Address significant variations in productivity of different sectors
- Maximise the benefits of collaboration between firms in a sector - and between the sector and the Government to drive up productivity, innovation and competitiveness

Our Approach

- Challenge all sectors in the economy to upgrade through sector deals
- Support emerging sectors and innovative businesses through the Challenger Business Programme which works with businesses which are applying new technologies, innovative products and services, and transformational business models
- Build on existing sector relationships

Early Actions

- A number of individuals and sectors have indicated an appetite for developing proposals to inform early sector deals.
- The Government is prepared to work with any sector that can organise behind strong leadership to address shared challenges and opportunities.

How can the Government and industry help sectors come together to identify the opportunities for a 'sector deal' to address – especially where industries are fragmented or not well defined?

How can the Government ensure that 'sector deals' promote competition and incorporate the interests of new entrants?

How can the Government and industry collaborate to enable growth in new sectors of the future that emerge around new technologies and new business models?

Driving Growth Across the Country

We will tackle historic underinvestment and invest in support local growth and rebalancing the economy, better match infrastructure and funding decisions to local priorities and needs, and close local skills gaps.

The Challenge

- Weaknesses in infrastructure and connectivity can limit growth in areas with lower productivity
- Different qualification and skills levels of people in different places
- Research and development investment tends to be lower in places with low productivity
- Effective institutional leadership is a crucial element in the success of many areas around the world

Our Approach

- Ensure the right conditions for growth are present across the UK.
- Towns, cities and counties can improve their prospects for prosperity and growth if they are well connected and have better skilled people, and with research and innovation activity and with the right institutions to support local clusters and specialisms

Early Actions

- ***Backing local connectivity with strategic infrastructure investment, raising skill levels nationwide – particularly in areas where they are lower, investing in local science and innovation strengths, getting the institutional framework right to support local industries***
- An additional £1.8 billion from the Local Growth Fund for a new set of Growth Deals between Government and Local Enterprise Partnerships
- We have launched a Northern Powerhouse strategy and will be setting out a Midlands Engine strategy soon
- We will work with local areas to identify and help develop industrial and economic clusters of businesses, as well as local specialisms
- We will deliver major infrastructure improvements which will help to drive growth across the country, including supporting the development of proposals for the Midlands Rail Hub and Northern Powerhouse Rail

Do you agree the principles set out above are the right ones? If not what is missing?

What are the most important new approaches to raising skill levels in areas where they are lower?

Where could investments in connectivity or innovation do most to help encourage growth across the country?

Creating the Right Institutions to Bring Together Sectors and Places

We will build the right structures and institutions to support long-term growth, including supporting and maximising local areas of economic strength, and reviewing the location of government bodies and cultural institutions.

The Challenge

- **Understand and support:**
 - Local businesses and financial institutions – including ‘anchor’ firms within clusters
 - Local leadership institutions – including local authorities, Local Enterprise Partnerships and new Mayoral Combined Authorities
 - Institutions that support innovation – including universities, government and research council labs and innovation districts, science parks and catapults
 - Cultural, sporting and quality of life institutions

Our Approach

- Work with local areas to identify and help develop local specialisms, putting in place the right institutions with the right powers to help support local areas of economic strength.
- This may involve creating new institutions or strengthening existing ones: be they educational institutions, trade associations or financial networks.
- Recognising the importance of local innovation ecosystems, we will encourage sector deals with a strong focus on local institutions

Early Actions

- An additional £1.8 billion from the Local Growth Fund for a new set of Growth Deals between Government and Local Enterprise Partnerships
- We are fully devolving business rate revenues to local authorities in England
- We will explore further devolution deals for our largest cities, where they will increase economic growth, in a clear signal of belief in our local leaders and local communities to take control of their economic destiny
- We will work with the British Business Bank and ScaleUp Institute to understand and address the relative weakness of venture capital funding and entrepreneurship networks outside the South East

Recognising the need for local initiative and leadership, how should we best work with local areas to create and strengthen key local institutions?

What are the most important institutions which we need to upgrade or support to back growth in particular areas?

Are there institutions missing in certain areas which we could help create or strengthen to support local growth?

How you can get involved

- Responses should be submitted via the CitizenSpace online consultation platform:
<https://beisgovuk.citizenspace.com/strategy/industrial-strategy>
- Alternatively, responses can be sent by email (industrial.strategy@beis.gov.uk) or by post to:

Industrial Strategy Team

Department for Business, Energy and Industrial Strategy

1 Victoria Street

London

SW1H 0ET

- The closing date for responses is **17 April 2017**